



**TURTLE  
BEACH**<sup>®</sup>  
CORPORATION

**THIRD QUARTER 2021  
EARNINGS PRESENTATION  
NASDAQ: HEAR**

NOVEMBER 4, 2021

# SAFE HARBOR STATEMENT

## Forward-Looking Information

This presentation includes forward-looking information and statements within the meaning of the federal securities laws. Except for historical information contained in this release, statements in this release may constitute forward-looking statements regarding assumptions, projections, expectations, targets, intentions or beliefs about future events. Statements containing the words “may”, “could”, “continue”, “would”, “should”, “believe”, “expect”, “anticipate”, “plan”, “goal”, “estimate”, “accelerate”, “target”, “project”, “intend” and similar expressions, or the negatives thereof, constitute forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. These statements are based on management’s current beliefs and expectations, as well as assumptions made by, and information currently available to, management. While the Company believes that its expectations are based upon reasonable assumptions, there can be no assurances that its goals and strategy will be realized. Numerous factors, including risks and uncertainties, may affect actual results and may cause results to differ materially from those expressed in forward-looking statements made by the Company or on its behalf. Some of these factors include, but are not limited to: risks related to logistic and supply chain challenges; risks related to the substantial uncertainties inherent in the acceptance of existing and future products; the difficulty of commercializing and protecting new technology; the impact of competitive products and pricing; the impact of the coronavirus (COVID-19) pandemic on consumer demands and manufacturing capabilities; **delays or disruptions in the supply of components for our products**, risks relating to, and uncertainty caused by or resulting from, the COVID-19 pandemic; the Company’s partnerships with influencers, athletes and esports teams; risks associated with the expansion of our business, including the integration of any businesses we acquire, the integration of such businesses within our internal control over financial reporting and operations; and our liquidity. These risks may be in addition to the other factors and matters discussed in the Company’s most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q and other periodic reports filed with the Securities and Exchange Commission. Except as required by the securities laws of the United States, the Company does not intend to publicly update or revise these forward-looking statements after the date of this release whether as a result of new information, future developments or otherwise. This presentation also contains trademarks and trade names that are property of their respective owners.

## Non-GAAP Financial Measures

In addition to its reported results, the Company has included in this presentation certain financial results, including adjusted EBITDA, and adjusted net income, that the Securities and Exchange Commission defines as “non-GAAP financial measures.” Management believes that such non-GAAP financial measures, when read in conjunction with the Company’s reported results, can provide useful supplemental information for investors analyzing period-to-period comparisons of the Company’s results. “Non-GAAP Earnings” is defined as net income excluding (i) integration and transaction costs related to acquisitions, (ii) the effect of the mark-to-market requirement of the financial instrument obligation, (iii) any change in fair value of contingent consideration and (iv) the release of valuation allowances on deferred tax assets. “Adjusted EBITDA” is defined by the Company as net income (loss) before interest, taxes, depreciation and amortization, stock-based compensation (non-cash), and certain non-recurring items that we believe are not representative of core operations (e.g., the integration and transaction costs related to the acquisitions, the mark-to-market adjustment for the financial instrument obligation and the change in fair value of contingent consideration). These non-GAAP financial measures are presented because management uses non-GAAP financial measures to evaluate the Company’s operating performance, to perform financial planning, and to determine incentive compensation. Therefore, the Company believes that the presentation of non-GAAP financial measures provides useful supplementary information to, and facilitates additional analysis by, investors. The presented non-GAAP financial measures exclude items that management does not believe reflect the Company’s core operating performance because such items are inherently unusual, non-operating, unpredictable, non-recurring, or non-cash. See a reconciliation of GAAP results to Adjusted Net Income and Adjusted EBITDA included in the appendix for the three and nine months ended September 30, 2021 and 2020.

## SUMMARY – Q3 2021 EARNINGS VS. Q3 2020

**Q3 Net revenue of \$85.3 million** vs. \$112.5M (record 141% growth in Q3 2020)

**Q3 Net Income (GAAP) of \$2.6M** vs. \$17.8M

**GAAP EPS of \$0.14** vs. \$1.04

**Adjusted EBITDA of \$6.7M** vs. \$27.6M

**Cash Balance grew to \$28.1M** vs. \$27.3M as of September 30, 2020

**Strong Balance Sheet with no short or long-term debt**

**Revenue guidance of \$365M - \$380M, on track to deliver YoY revenue growth following record FY 2020**



# GAMING IS THE MARKET TO BE IN



## A MASSIVE OPPORTUNITY

The global game market is expected to **grow from \$176B** in 2021 to **more than \$200 billion** in 2024<sup>(1)</sup>



## GAMING LEADS THE ENTERTAINMENT WORLD

The broader gaming market is the **largest and most expansive industry in the world of entertainment** at over **\$254 billion**<sup>(2)</sup>



## ESPORTS CONTINUE RISING IN POPULARITY

Secular shift to esports with approximately **50% increase in value from 2021 to 2024**<sup>(4)</sup>



## NEW CONSOLES ENERGIZE THE GAMING MARKET

The **global market** for gaming consoles expected to reach **\$58 billion in 2021**<sup>(3)</sup>

## A BREAKTHROUGH IN GAMING SIMULATION TECHNOLOGY

**Visually stunning realism** on console and PC is driving booming growth in simulation segments



## GAMING DRIVING STREAMING

Livestream gaming audience is expected to grow by **13% to 747M** in 2021 and to **943M by 2024**<sup>(4)</sup>



1. Newzoo: Global Games Market Report, June 2021  
2. Newzoo: Global Games Market Report (June 2021), DFC & Internal Estimates

3. Ampere Analysis, April 2021, featured in gamesindustry.biz  
4. Newzoo: Global Esports and Live Streaming Market Report, Sept 2021

# WE'RE EXECUTING ON OUR STRATEGY TO LEVERAGE THOSE TRENDS



## Continue our decade-plus of leadership in \$1.7 billion console headset market.

Maintain a portfolio for all levels of gamers with innovation and great execution.



- **10 of the top 15** US console headsets by revenue YTD are TB<sup>(1)</sup>
- Launched Recon 200 Gen 2, **an affordable multiplatform headset**
- Both Xbox and PS announced record sales of new consoles

## Continue rapid expansion into the \$3.5 billion PC gaming accessories market.

Further build out ROCCAT portfolio of award-winning PC gaming accessories.



- Launched 22 **new ROCCAT PC gaming products year-to-date**
- **ROCCAT sell-through over 150% YTD** year-over year<sup>(2)</sup>
- **Exceeded market growth** in major regions

## Expand into the \$2.3 billion global market for microphones.

Launch Neat Microphones' new generation of high-performance digital/USB and analog mics.



- Introduced **Neat's first 2021 products** – Skyline & King Bee II
- Launched **ROCCAT's Torch USB mic** for streamers and creators
- **\$700M Digital/USB** market segment **experiencing rapid growth**

## Enter additional new categories to drive further growth over time.

Launch first products in console game controller and console/PC gaming sim hardware markets.



- Recon Controller for Xbox **launched with outstanding reviews**
- **Over 21k fans registered** for notifications on VelocityOne Flight
- Expanding portfolio in both categories over time

Tracking to ~\$100 million in non-console headset revenues for 2022 (ahead of plan)

1. The NPD Group/Retail Tracking Service/Video Games/Dollars/U.S./Jan-Sept 2021

2. The NPD Group, Inc., U.S. Retail Tracking Service, Gaming-Designed: PC Headsets, Mice, and Keyboards, Dollar Sales, Jan. 2021- Sept 2021 combined vs. Jan. 2020- Sept 2020 combined.

## ...AND DELIVERING ON OUR LONG-TERM FINANCIAL GOALS



**Drive 10% to 20% top line growth over time.**



- Confirmed revenue guidance to record \$365M - \$380M for 2021
- Expecting roughly \$100M of non-console headset revenues in 2022
- 5 Year revenue CAGR through 2020 is over 17%

**Deliver category leading EBITDA margins while investing to drive growth.**



- EBITDA guidance of \$36M - \$44M reflecting supply & logistics costs
- Investing to drive growth including new category entries
- 5 Year EBITDA CAGR through 2020 is 91%<sup>1</sup>

**Maintain a strong balance sheet to enable the above including selective M&A.**



- \$28M in cash with zero debt
- Over \$50 million in cash flow in 2020
- \$80M revolving credit facility

**1-Year and 5-Year TSR of >50% and >400%  
(Exceeding Sector Benchmarks)<sup>2</sup>**

## OUR BRANDS



Best-Selling Console  
Gaming Accessories



Award-Winning PC  
Gaming Accessories



High-Quality Digital USB  
& Analog Microphones

## TURTLE BEACH GAMING HEADSETS



## #1 IN GAMING AUDIO

The Global Market Leader In Console  
Gaming Headsets for Over 10 Years

# 55 Million+

Headsets Sold Since 2010

# 46%<sup>(1)</sup>

US Revenue Share 2020





## A NEW GENERATION OF CONSOLE GAMING



Xbox Series S & Xbox Series X

STEALTH  
600  
GEN 2



"10/10. The \$100  
Wireless King Returns  
Stronger Than Ever."  
- GADGETRYTECH

STEALTH  
700  
GEN 2



"Named Best Headset  
for Xbox Series X|S."  
- IGN



PlayStation 5 & PlayStation 5 Digital Edition

Fall 2020 celebrated a new era in console gaming with the launch of the Xbox Series X|S and PlayStation 5 systems.

The new Xbox and PlayStation consoles were hot commodities when they launched last holiday season. Fans who pre-ordered, along with savvy consumers have continued to secure the available inventory. When units do arrive at retail, they are snatched up immediately. Resellers are still selling the systems for hundreds over MSRP.

Both consoles significantly increased realism of graphics and audio making them a very appealing upgrade for gamers.

**Both Microsoft and Sony announced record sales since launch despite ongoing supply constraints.** People are gaming now more than ever, with console gamers playing on the new systems and prior-gen Xbox One and PS4 alike.

## INTRODUCING RECON 200 GEN 2

RECON™

200

GEN 2

Launched June 2021

MSRP: \$79.95



Also available in White and Blue



*"An affordable combo of  
power and comfort."*

— ALEX ROWE | MEDIUM.COM



### Powerful, Amplified Audio for Every Game System

Successor to the original best-selling Recon 200, the Gen 2 builds on the strengths of its predecessor by offering gamers **even more features and functionality for the same \$59.95 MSRP**.

The Recon 200 Gen 2's amplified sound is driven by powerful 40mm speakers and a rechargeable 12-hour battery. Gamers will also enjoy features like Bass Boost, Variable Mic Monitoring, softer memory foam cushions, Turtle Beach's patented ProSpecs glasses-friendly technology, and a new headband design with added rigidity and durability.

The Recon 200 Gen 2 features a standard 3.5mm audio interface for multiplatform connectivity with Xbox Series X|S and Xbox One, PlayStation 5 and PlayStation 4, Nintendo Switch, PC, and compatible mobile devices.

## THE CONSOLE GAME CONTROLLER OPPORTUNITY



# GAME CONTROLLERS

Total Addressable Market for third-party controllers is roughly \$600<sup>(1)</sup> million.

## MICROSOFT PARTNERSHIP

Leverage MSFT partnership to enter market with wired controller for Xbox Series X|S, Xbox One, and Windows 10.

## WIRED, WIRELESS AND MORE

Grow controller line beyond initial wired Xbox offering, including wireless and other console platforms.



# THE AWARD-WINNING RECON CONTROLLER FOR XBOX



## RECON™ CONTROLLER

Launched August 2021  
MSRP: \$59.95



Also available in Black



"Best Xbox Controller."



gamecenter  
HARDWARE  
AWARDS  
2021

"Best of E3:  
Best Gaming  
Accessory."



"Best Gaming  
Accessory of E3 2021."



ANDROID AUTHORITY



## Game-Changing Audio Meets Game-Winning Controls

Unveiled at E3 2021, the Designed for Xbox Recon Controller was proudly designated with "Best of E3" awards from CNN Underscored and Android Authority for **blending game-changing controls with Turtle Beach's signature audio technologies.**

Gamers on Xbox Series X|S, Xbox One, and compatible Windows PCs can plug in any wired headset with a standard 3.5mm audio interface and take advantage of proven Turtle Beach features, including Superhuman Hearing, Mic Monitoring, Signature Audio Presets, and more.

Plus, Pro-Aim Focus Mode, four profiles, mappable rear quick-action buttons, next-gen vibration, and an ergonomic shape with cooling rubber grips round out Turtle Beach's first ever game controller.

## THE FLIGHT SIMULATION CONTROLLER MARKET OPPORTUNITY



# MSFT FLIGHT SIM 2020 PC LAUNCHED AUGUST 2020

Game delivered a quantum leap in realism, fully leveraging modern processing capabilities and cloud computing/storage

# MSFT FLIGHT SIM 2020 COMES TO XBOX

Capture a new audience of gamers experiencing Microsoft's Flight Sim 2020 on Xbox Series X|S

# GAMING SIMULATION HARDWARE

PC/console flight sim hardware adds roughly \$400M in global market not including expansion into racing hardware



# INTRODUCING VELOCITYONE FLIGHT FOR XBOX

## VELOCITYONE™ FLIGHT

Launches November 2021  
MSRP: \$379.95



"Best Gaming  
Accessory of E3 2021."



ANDROID AUTHORITY



## Take Flight on Xbox Series X|S and Windows PCs

Announced during E3 2021, VelocityOne Flight garnered a “Best of Show” from Android Authority and boldly marks Turtle Beach’s foray into the gaming simulation hardware market.

**VelocityOne Flight is *the* complete flight control system**, developed in collaboration with aeronautical engineers and pilots and by a dedicated Turtle Beach team with over two decades of experience creating many premier flight and racing simulation controllers.

**VelocityOne Flight delivers the most immersive, authentic, and modern Xbox and PC flying experience on the market**, and is perfect for experiencing Microsoft Flight Simulator 2020 on Xbox Series X|S.

**Over 21,000 fans** signed up for pre-order notifications. Pre-orders on November 3 **sold out globally** in under an hour (15 minutes in the US, UK, and Germany).

# ROCCAT PC GAMING ACCESSORIES



**Award-Winning  
German Design**

## **A Broad, Growing Portfolio**

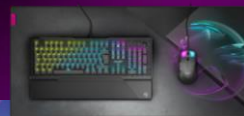
Including PC Mice, Keyboards, Headsets, and More

**ROCCAT sales growth outpaced the market  
in our core markets**

**US sell-through grew by over 150%  
year-to-date 2021 vs. 2020<sup>(1)</sup>**

1. The NPD Group, Inc., U.S. Retail Tracking Service, Gaming-Designed: PC Headsets, Mice, and Keyboards, Dollar Sales, Jan. 2021-Sept. 2021 combined vs. Jan. 2020-Sept. 2020 combined.

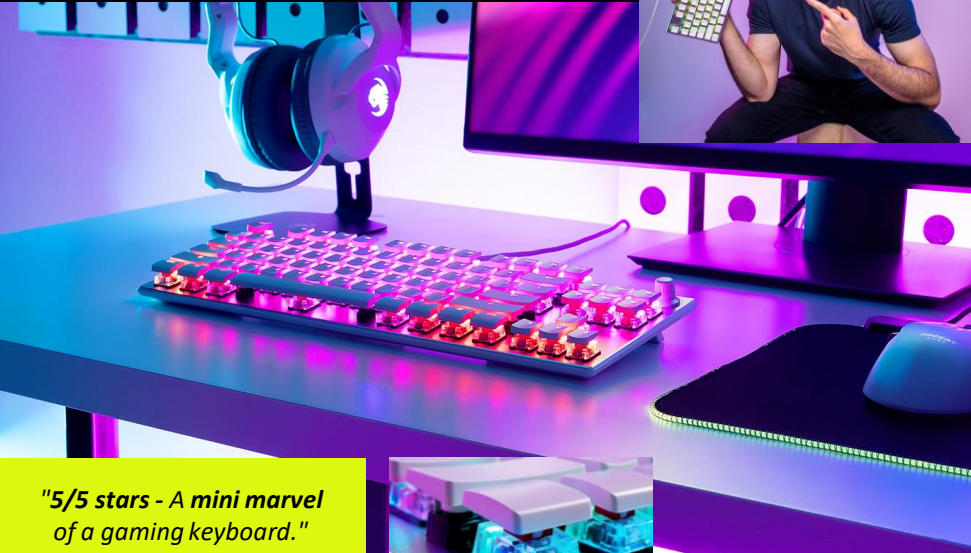
GERMAN DESIGN  
& ENGINEERING  
SINCE 2007



NOW AVAILABLE IN ARCTIC WHITE

# VULCAN <sup>TKL Pro</sup>

Launches December 2021  
MSRP: \$159.99



*"5/5 stars - A mini marvel  
of a gaming keyboard."*

- T3



## Ridiculously Fast, Responsive Keys, Now in White

ROCCAT is adding another entry to its award-winning Vulcan PC gaming keyboard series with an all-new version of the Vulcan TKL Pro in Arctic White.

The Vulcan TKL Pro is the TenKeyLess version of the full-size Vulcan Pro, and the Vulcan TKL Pro White features ROCCAT's ridiculously fast Titan Optical Switch technology. **Titan Optical Switches register keystrokes up to 100 times faster and last twice as long as traditional mechanical switches.**

The Vulcan TKL Pro White is ROCCAT's premium tenkeyless competitive gaming keyboard in the series, providing PC gamers more desktop space for a larger range of mouse movement.



LIGHT UP YOUR VOICE

# TORCH

Launched August 2021  
MSRP: \$99.99



*"Another example of ROCCAT creating a quality game product for a very reasonable price."*

— THEGAMER



## Studio-Quality Sound for Streamers & Aspiring Creators

The Torch is ROCCAT's first studio-grade USB microphone. **Designed for gamers, streamers, and aspiring content creators, the Torch is packed full of professional-grade features, including 24-bit audio quality, a dual condenser design, latency-free Mic Monitoring, and a built-in pop filter.**

ROCCAT's Torch will ensure creators always sound flawless, and its stylish and intelligent design is compatible with a wide range of shock mounts, boom arms, and other accessories.

The Torch microphone features ROCCAT's intelligent AIMO RGB lighting, and special lighting zones change color depending on the mic's settings. Additionally, driver-free setup makes the Torch simple to use right out of the box.

# INTRODUCING THE LIMITED-EDITION DR. DISRESPECT COLLECTION



**CHAMPION GRADE**  
DISTILLING THE  
ESSENCE OF DOC

**A COLLAB SO BIG**  
IT TAKES TWO BRANDS



## DR. DISRESPECT CHAMPION GRADE LINE-UP



Launched September 2021, MSRP:

\$149.95 - Stealth 700 Dr Disrespect Headset

\$159.99 - Vulcan TKL Pro Dr Disrespect Keyboard

\$89.99 - Kone Pro Dr Disrespect Mouse

\$49.99 - Sense Immortal Dr Disrespect Mousepad



## PLAY LIKE THE 2X CHAMPION

To be the best, everything about your game has to be on point. Step up to Champion Grade performance with the Dr Disrespect Limited Edition Headset, Keyboard, Mouse & Mousepad from Turtle Beach & ROCCAT.

Doc fans can now dominate like the two-time with his custom Kone Pro Mouse, Vulcan TKL Pro Keyboard, Sense Immortal Mousepad and Stealth 700 Gen 2 Wireless Headset from Turtle Beach.

**The Stealth 700 Dr Disrespect headset and Sense Immortal Dr Disrespect mousepad sold out in minutes upon being announced.**

# ROCCAT'S NEW SENSE MOUSEPAD LINE-UP

## SENSE SERIES



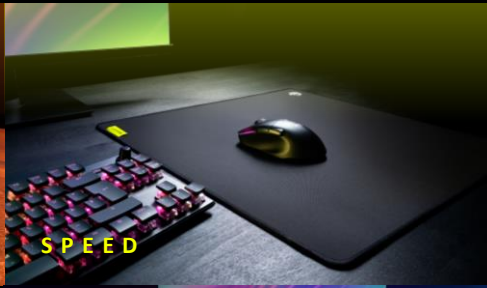
Launched October 2021, **MSRP:**

Sense **Core** \$6.99 (Mini) \$14.99 (Square) \$19.99 (XXL)

Sense **Pro** \$29.99 (Square) \$49.99 (XXL)

Sense **Ctrl** \$29.99 (Square) \$39.99 (XXL)

Sense **Icon** \$19.99 (Square) \$29.99 (XXL)



## GET A SENSE FOR ROCCAT'S NEW MOUSEPADS

Four all-new mousepads join ROCCAT's popular Sense AIMO RGB mousepad to fill out the range. The new Sense mousepads come in a variety of mousepad sizes designed to enhance your gaming experience: Mini for small gaming spaces, Square for more vertical space, and the XXL designed to house both mouse and keyboard.

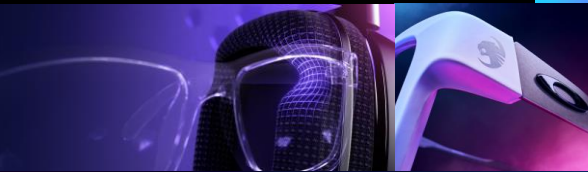
**ROCCAT's new Sense series mousepads offer an assortment of designs and materials to deliver greater balance, durability, speed, and precision control than ever before.**

New additions include the micro-weave cloth Sense Core, the resin-treated and smooth Sense Icon, the durable vulcanized and heat-treated Sense CTRL, and the exceptionally fast and precise Sense Pro.

# ROCCAT'S GOT EYES FOR OAKLEY



Launched October 2021



## IMPROVED EYES & EARS = BETTER PERFORMANCE

Turtle Beach and Oakley, a leader in sport performance and optical innovation, continue their ongoing partnership which now includes the award-winning ROCCAT brand.

The partnership expansion follows the successful Turtle Beach and Oakley collaboration announced in January 2021 that debuted custom gaming eyewear and limited-edition co-branded sunglasses. **With ROCCAT, Oakley continues its expansion of gaming eyewear developed for gamers looking for higher performance.**

When paired with ROCCAT's latest PC gaming headsets featuring Turtle Beach's patented *ProSpecs™* glasses-friendly technology, PC gamers will see better, hear better, and will have an advantage in vanquishing all foes on the digital battlefield.



NEAT MICROPHONES

## DIGITAL USB & ANALOG MICROPHONES

Today's global microphone market is \$2.3B overall,  
with ~\$700M in the digital/USB category.

### THE TEAM

The founders of Blue Microphones, the Neat  
Microphones team has a combined 100+ years of  
experience creating leading microphones.

### A NEW PRODUCT LINE

In 2H 2021, launch a second-generation of Neat's award-winning  
"Bee" line of analog XLR and digital USB microphones.



# INTRODUCING NEAT MICROPHONES' KING BEE II



Includes custom  
Beekeeper shockmount  
& Honeycomb pop filter

Launches November 2021  
MSRP: \$169.99

## The Return of the King!

**The King Bee II is the long-awaited successor to Neat Microphones' original award-winning King Bee.** Whether you're a musician, podcaster, or streamer, the King Bee II offers outstanding versatility and incredible sound quality.

Vocals, drums, electric guitar, piano, and acoustic instruments shine with the King Bee II, and spoken word applications, from voiceovers to podcasting to streaming content, can be captured with crystal-clear clarity and depth.

Thanks to customized Class-A discrete electronics, powerful design, and a precision, gold-sputtered condenser microphone capsule, what you hear at the output is what the King Bee II hears at its input.

# INTRODUCING NEAT MICROPHONES' SKYLINE



Launched October 2021  
MSRP: \$69.99

*"A beautiful blend of  
form and function."*  
— ALEX ROWE | MEDIUM.COM



## Command the Room.

The Skyline desktop USB microphone is Neat's elegant new mic featuring crystal clear, high-quality 24 bit/96 kHz digital audio for video conferencing, eLearning, streaming, and podcasting.

The Skyline's versatile design allows you to position the mic close to any desired sound source for optimum pickup, and its sleek, stylish looks will draw compliments anywhere you place it.

**It's the perfect mic for laptops, desktops, tablets, and any other audio devices with USB mic input ports** and features a large mute button for when you don't want to be heard.



## THE LATEST NEWS



### TURTLE BEACH ANNOUNCES PARTNERSHIP WITH UCSD ESPORTS

In October, Turtle Beach announced a new partnership with leading Mexican TV and Esports Gaming Icon, Javier Rodriguez. **Rodriguez** has been behind the mic or in front of the camera since he was a child and has built a loyal following based on his many TV hosting roles over several decades. An avid and respected gamer, **Javier Rodriguez** also pioneered esports in Mexico with his support and creation of the competitive Mexican Esports Federation.



### REDESIGNED TURTLE BEACH & ROCCAT WEBSITES WIN AWARDS

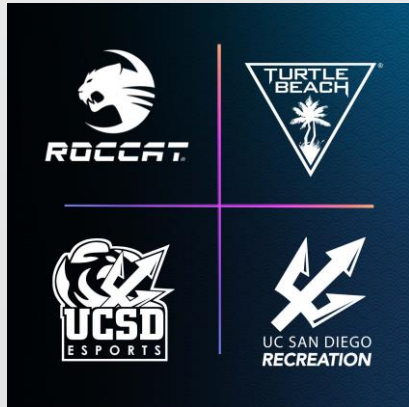
In October, Turtle Beach Corporation's redesigned and relaunched websites were recognized with Gold and Silver w3 Awards by the prestigious Academy of Interactive and Visual Arts. The w3 Awards recognize creative excellence on the Web and the creative marketing professionals behind award-winning websites and other digital mediums. Additionally, in September the Web Marketing Association gave ROCCAT the 2021 WebAward for Outstanding Achievement in Web Development: Best Mobile Website and Best Shopping Website.

## THE LATEST NEWS



### ROCCAT'S PRO LINE OF PC GAMING MICE SUPPORT NVIDIA REFLEX

In September, ROCCAT announced that the Kone Pro, Kone Pro Air, and Burst Pro professional-grade PC gaming mice are compatible with NVIDIA's latency measuring system, Reflex. NVIDIA Reflex is a revolutionary suite of technologies that optimize and measure system latency to deliver the ultimate competitive advantage. There are only a limited number of PC gaming mice verified by NVIDIA to achieve this designation.



### TURTLE BEACH ANNOUNCES PARTNERSHIP WITH UCSD ESPORTS

In September, Turtle Beach announced it has become an official sponsor of UCSD Esports and the primary gaming accessories provider for UC San Diego's new Triton Esports Center. Through the new partnership, Turtle Beach will provide UC San Diego's competitive esports teams with premier gaming accessories. Turtle Beach is also allocating funds to support the UCSD Esports scholarship program to help student-athlete gamers study at a world class institution and compete in the dynamic world of collegiate esports.

## THE LATEST NEWS



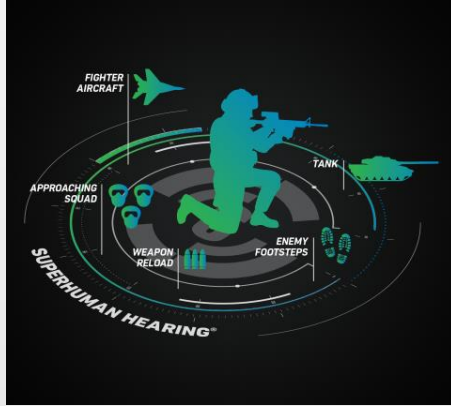
### **ROCCAT TEAMS-UP WITH UK CALL OF DUTY CONTENT CREATOR VIKKSTAR**

ROCCAT announced a new partnership with popular UK content creator Vikram “Vikkstar” Singh Barn. Vikkstar has been creating content on YouTube since 2010 and runs three unique channels. Famed for playing popular games like Call of Duty, Minecraft, and Fortnite, Vikkstar also collaborates with his fellow Sidemen and Royal Ravens to create regular entertaining content for their fans. With the new partnership Vikkstar will be using ROCCAT’s latest PC accessories when gaming and creating content.



### **TURTLE BEACH EXTENDS AND EXPANDS PARTNERSHIP WITH LEAGUE OF LEGENDS STREAMER KAYPEA TO INCLUDE ROCCAT**

Turtle Beach announced a new multi-year deal that now includes ROCCAT's award-winning PC peripherals alongside Turtle Beach's best-selling console gaming accessories. Streaming since 2013, Kaypea has an immense and diverse audience of over two million fans who love her positive, funny, and quick wit. Kaypea will continue using her Elite Pro 2 gaming headset from Turtle Beach, and now uses ROCCAT's Kain 200 wireless mouse and Magma RGB keyboard.



### TURTLE BEACH'S PATENTED SUPERHUMAN HEARING AUDIO SETTING PROVEN TO IMPROVE GAMING PERFORMANCE

In July, Turtle Beach revealed the results of a new college gamer study showing improved gameplay statistics when using the brands exclusive Superhuman Hearing (SHH) audio setting. Conducted in partnership with Real Industry – an educational nonprofit transforming how students interact with industry – Turtle Beach put college students to the test playing Call of Duty, Apex Legends, and Fortnite to determine the effect SHH had on gameplay performance. The study found that with SHH enabled gamers increased their average gameplay time by 20% and improved their in-game stats by over 40%.

# US PARTNERSHIPS



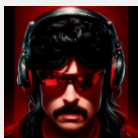
Jessica Blevins – RC  
2.5M Reach



Javier Rodriguez – TB  
132k Reach



SypherPK – RC  
14M Reach



Dr. Disrespect – TB/RC  
7M Reach



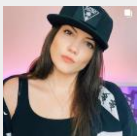
Castro\_1021 – TB  
7M Reach



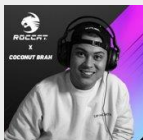
HECZ – TB  
3M Reach



GoldGlove – RC  
3M Reach



KayPea – TB/RC  
2M Reach



Coconut Brah – RC  
2M Reach



Josh Hart – TB/RC  
1M Reach



Adept – TB/RC  
877k Reach



Grayson Allen – TB  
650k Reach



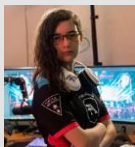
Kickstradomis – TB/RC  
565k Reach



Immanuel Quickley – TB/RC  
274k Reach



Archonaut – TB/RC  
273k Reach



FabuRocks – TB/RC  
89k Reach



CGurtney – TB/RC  
53k Reach



88bitmusic – TB/RC  
44k Reach



BlackKrystal – TB/RC  
42k Reach



Erin Simon – TB/RC  
38k Reach

Over 862M Gamers and 202M esports fans in the Americas and Europe<sup>1</sup>



**NRG Esports**  
A leading collective of top influencers and world champion esports teams



**OpTic Chicago**  
Franchise team in Activision Blizzard's CDL



**2021 Official Mouse and Keyboard Partner**  
RIOT LCS League of Legends Tournament



**Team WaR**  
Rising amateur CoD team

*Titles shown represent games played by our partner esports teams and influencers and do not indicate a partnership with the publisher*  
<sup>1</sup>Newzoo 2020 Global Esports and Global Games Market Report QU October 2020

# QUARTERLY FINANCIAL OVERVIEW



\$ in millions (except per-share data)	YTD 2020	YTD 2021	Q3 2020	Q3 2021	3Q Commentary
<b>Revenue</b>	\$227.2	\$256.9	\$112.5	\$85.3	Delivered record Q3 revenue, only exceeded by Q3 2020 where company increased revenues 141% based on strong market demand and execution-driven outperformance of the market.
<b>Gross Margin</b>	37.9%	36.1%	41.0%	34.3%	GM in Company target band of mid 30's. Quarter-over-quarter change was primarily due to changed business mix, increased logistics and higher freight costs.
<b>Operating Expenses</b>	\$57.0	\$78.6	\$21.9	\$27.8	Increase due resources added for the higher run-rate of business, sales and marketing support of new products and categories and geographic expansion, and R&D to support expanded current and future portfolio.
<b>Adjusted EBITDA<sup>(1)</sup></b>	\$37.8	\$27.0	\$27.6	\$6.7	Decrease due to above factors and lower fixed cost leverage.
<b>Net Income</b>	\$22.4	\$13.2	\$17.8	\$2.6	Reflects above factors.
<b>Diluted EPS</b>	\$1.41	\$0.72	\$1.04	\$0.14	Reflects above factors.
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	\$1.34	\$0.92	\$1.05	\$0.26	Reflects above factors.
<b>Diluted Shares</b>	16.0M	18.2M	17.2M	18.3M	See appendix.

1. See appendix for a reconciliation of non-GAAP measures.

# BALANCE SHEET



Balance Sheet Highlights		
	At September 30, 2020	At September 30, 2021
Cash & Cash Equivalents	\$27.3M	\$28.1M
Inventories	\$79.5M	\$113.3M
Revolver (asset-based)	\$0M	\$0M
Total Debt	\$0M	\$0M

Balance Sheet Comments
<ul style="list-style-type: none"><li>➤ Maintained inventory levels consistent with expected demand, anticipated supply chain and logistics challenges and new product introductions.</li><li>➤ Strong balance sheet with no outstanding debt.</li></ul>

## 2021 OUTLOOK<sup>(1)</sup>



	2021	2021 Outlook Commentary
Net Revenue	\$365M - \$380M	Remain on track to full-year revenue growth on top of record 2020. Revenues are constrained by an estimated \$25 to 30M due to semiconductor shortages impacting primarily wireless console headsets and shipping delays impacting all products. PC, game controllers, microphones and flight simulation continue to track with expectations and are making up for part of the revenue constraints on console headsets.
Gross Margin	Mid 30% <sup>s</sup>	Margins expected to be in Company target range of mid-30's reflecting higher margins in first half but higher freight and logistics costs impacting primarily Q4.
Adj. EBITDA	\$36M - \$44M	Revised \$36 - \$44 million adjusted EBITDA outlook. Shipping and logistics costs continue to run at multiples of normal rates, impacting gross margins.
Adj. EPS	\$1.10 - \$1.45	Reflects above factors including the recognition of certain tax changes and credits which we expect to flow through to a full year effective tax rate of ~ 13%.
Diluted Shares	~18M	Treasury method increases share count used for EPS purposes as share price increases.

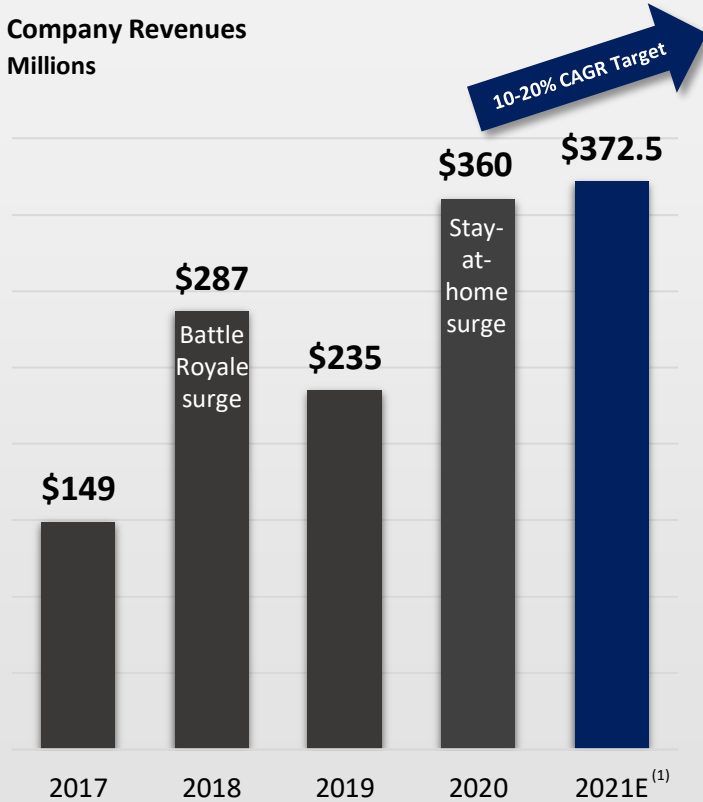
1. Guidance provided November 4, 2021.





## REVENUE PROFILE

Company Revenues  
Millions



2021 revenues constrained by ~ \$25-30M due to semiconductor shortages and extended shipping times.

### Growth Drivers:

Continued leadership in the \$1.7B console gaming headset market

Continued growth in \$3.5B market for PC gaming headsets, keyboards, and mice with ROCCAT brand expansion

Entry into the \$2.3B global microphone market with recent acquisition of and new products from Neat Microphones

Further expansion into game controllers and simulation hardware, adding \$1.0B in addressable market

Total addressable market has grown to \$8.5B<sup>(2)</sup>

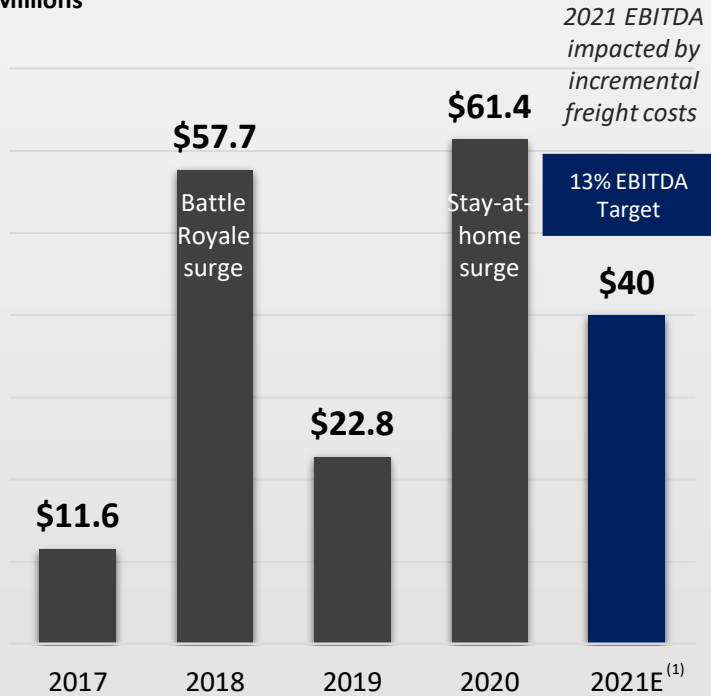
1. Midpoint of guidance provided November 4, 2021

2. Newzoo Peripheral Market Report – updated Sept' 2021 and internal estimations

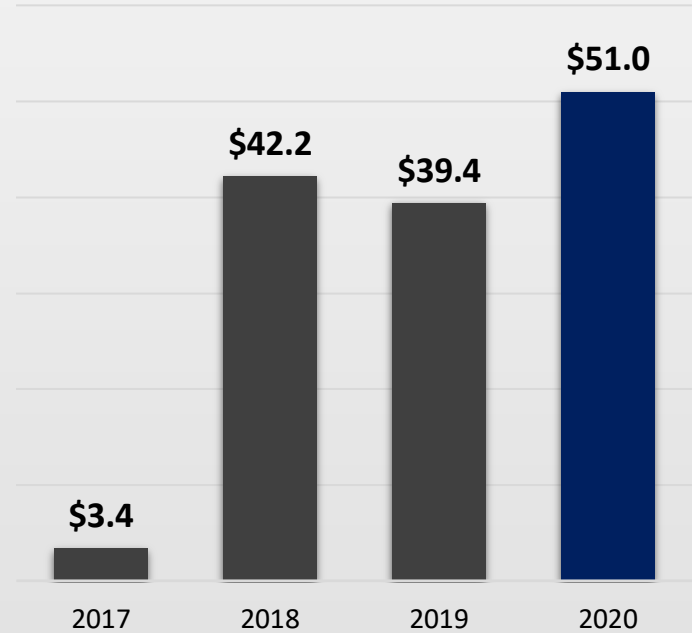


# ADJUSTED EBITDA & CASH FLOW PROFILE

**Adjusted EBITDA<sup>(2)</sup>**  
Millions



**Cash Flow From Operations**  
Millions



1. Midpoint of guidance provided November 4, 2021; EBITDA impacted by global supply chain  
2. See appendix for a reconciliation of non-GAAP measures.

# TURTLE BEACH EARNINGS

## Summary Key Takeaways

- On track to deliver year-over-year revenue growth following record full-year 2020 despite supply chain constraints
- Continued leadership in the \$1.7B console gaming headset market with 10+ consecutive years of over 40% market share<sup>(1)</sup>
- Strong progress in pursuit of \$3.5B PC accessories market with expanding portfolio and doubling of ROCCAT business in 2020<sup>(1)</sup>
- Launched 34 new products across gaming headset, PC accessory, game controller, and microphone categories YTD 2021
- Announced entry into game controllers and flight simulation hardware expands our portfolio into two rapidly growing markets
- Tracking to generate ~ \$100 million in non-console headset revenues in 2022 (ahead of plan)
- Strong balance sheet with no debt



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APPENDIX





# GAAP NET INCOME TO ADJUSTED NET INCOME RECONCILIATION

## THIRD QUARTER 2021 COMPARED TO 2020

	Three Months Ended	
	September 30, 2021	September 30, 2020
<u>Net Income</u>		
GAAP Net Income	\$ 2,623	\$ 17,794
Adjustments, net of tax:		
Non-recurring business costs	2,113	
Change in fair value consideration	-	126
Acquisition integration costs	29	26
Non-GAAP Earnings	<u>\$ 4,765</u>	<u>\$ 17,946</u>
Diluted Earnings Per Share		
GAAP- Diluted	\$ 0.14	\$ 1.04
Non-recurring business costs	0.12	-
Change in fair value consideration	-	0.01
Non-GAAP- Diluted	<u>\$ 0.26</u>	<u>\$ 1.05</u>

# GAAP NET INCOME TO ADJUSTED NET INCOME RECONCILIATION

## NINE MONTHS ENDED SEPTEMBER 30, 2021



	Nine Months Ended	
	September 30, 2021	September 30, 2020
<u>Net Income</u>		
GAAP Net Income	\$ 13,182	\$ 22,443
Adjustments, net of tax:		
Non-recurring business costs	3,322	-
Gain on acquisition-related settlement	-	(1,702)
Change in fair value consideration	-	366
Acquisition integration costs	215	273
Non-GAAP Earnings	<u>\$ 16,719</u>	<u>\$ 21,380</u>
Diluted Earnings Per Share		
GAAP- Diluted	\$ 0.72	\$ 1.41
Non-recurring business costs	0.18	-
Gain on acquisition-related settlement	-	(0.11)
Change in fair value consideration	-	0.02
Acquisition integration costs	0.01	0.02
Non-GAAP- Diluted	<u>\$ 0.26</u>	<u>\$ 1.05</u>



## GAAP NET INCOME TO ADJUSTED EBITDA RECONCILIATION

### THREE MONTHS ENDED SEPTEMBER 30, 2021

	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other <sup>(1)</sup>	Adj EBITDA
Net revenue	\$ 85,307	\$ -	\$ -	\$ -	\$ -	\$ 85,307
Cost of revenue	<u>56,034</u>	<u>(458)</u>	<u>-</u>	<u>105</u>	<u>-</u>	<u>55,681</u>
<b>Gross Profit</b>	<b>29,273</b>	<b>458</b>	<b>-</b>	<b>(105)</b>	<b>-</b>	<b>29,626</b>
Operating expenses	<u>27,783</u>	<u>(614)</u>	<u>(321)</u>	<u>(1,603)</u>	<u>(2,881)</u>	<u>22,364</u>
<b>Operating income</b>	<b>1,490</b>	<b>1,072</b>	<b>321</b>	<b>1,498</b>	<b>2,881</b>	<b>7,262</b>
Interest expense	101					
Other non-operating expense (income), net	<u>585</u>				-	<u>585</u>
Income before income tax	804					
Income tax expense	<u>(1,819)</u>					
<b>Net income</b>	<b><u>\$ 2,623</u></b>					
					<b>Adjusted EBITDA</b>	<b><u>\$ 6,677</u></b>

1. Other includes certain non-recurring business costs.





## GAAP NET INCOME TO ADJUSTED EBITDA RECONCILIATION NINE MONTHS ENDED SEPTEMBER 30, 2021

	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other <sup>(1)</sup>	Adj EBITDA
Net revenue	\$ 256,924	\$ -	\$ -	\$ -	\$ -	\$ 256,924
Cost of revenue	164,086	(1,105)	-	(382)	-	162,599
<b>Gross Profit</b>	<b>92,838</b>	<b>1,105</b>	<b>-</b>	<b>382</b>	<b>-</b>	<b>94,325</b>
Operating expenses	78,625	(1,814)	(946)	(4,843)	(4,757)	66,265
<b>Operating income</b>	<b>14,213</b>	<b>2,919</b>	<b>946</b>	<b>5,225</b>	<b>4,757</b>	<b>28,060</b>
Interest expense	271					
Other non-operating expense (income), net	1,099					1,099
Income before income tax	12,843					
Income tax benefit	(339)					
<b>Net income</b>	<b>\$ 13,182</b>					
					<b>Adjusted EBITDA</b>	<b>\$ 26,961</b>

1. Other includes certain business costs and change in fair value of contingent consideration.